

# Property Tax Appeals



**What To Look For In Preparing A  
Property Tax Appeal**

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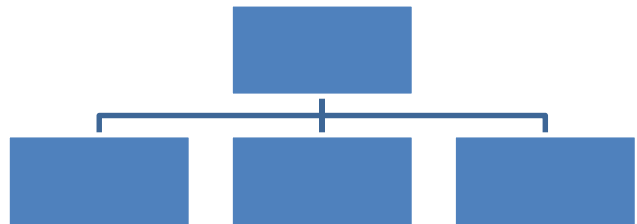
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# An Opportunity To Challenge Your Property Taxes

## These are the Property Tax FACTS:

**The National Taxpayers Union** writes that as many as **60%** of all homeowners are over-assessed and not in line with their home value. ("How To Fight Property Taxes" 2004 p.1

**Consumer Reports** has published that property tax records show an **error rate of 40% exists** in estimating property taxes. (Nov.1992 v57 nil p.723)



Many times when blanket assessments are done on homes by the governing municipality, the resulting values are inaccurate as result of a "quick fix" mentality. Often adjustments are made using a factor or multiplier to adjust values. Not that blanket reappraisal accuracy is much better. It also suffers from a lack of diligence to detail.

*Ask yourself:* if you were an appraisal company bidding on a municipal revaluation contract and your winning bid had only a \$40 margin

allocated for every home you needed to appraise, how much time would you spend on each property and still make a profit? Being a businessman, you would want to make a profit, so you have to cut out the time spent on each property. Compound that by hired hands that may have little experience and you could have hit and miss valuation accuracy as a result.

What we are saying is that errors abound in the blanket real estate tax appraisal of properties. If the blanket appraisal company or town uses multipliers, there is no way that the taxing authority can take those bad initial assessment numbers and turn them into accurate numbers by multiplying them by another figure.

An inexpensive fix for the town could come about if building inspectors and the tax department communicated closely by working together. If the building inspector passed on information to the assessor, there would be no need for blanket re-assessments. New homes sold need only be equalized against the previous blanket assessment. If an addition or home improvement took place, the added value would be passed on to the tax assessor. Again, if the building department and tax department worked efficiently, there would be no need for blanket reassessments.

## The Office of the Tax Assessor

The department of the tax assessor is usually small and little time is available for the assessor. Rarely do they appraise a home personally. The tax assessor job is often a politically appointed position. Tax assessors generally do not take the time and are not generally trained to do a complete market appraisal of a home. Often they use a completely different method (a cost method) for appraising a home.

## Fighting Back

**Average property tax appeal reductions** achieved through appeal are in the 20% to 25% range. For instance, a home with a \$5,000 property tax assessment will save about \$1,000 to \$1,250 dollars through appeal.

In a property tax appeal, only the **market comparison**, appraising the pros and cons of one's home against other similar homes counts. That means how one's home stacks up to a recent selling price of similar comparable homes. That becomes the only solid evidence of value and definitive proof that one can bring to the conversation.



Blanket reassessments of homes are very expensive for a town; the cost is directly passed directly to the budget causing extra tax rate increases. Timely blanket reassessments are a rip off to the taxpayer and

a waste of valuable time for all involved since efficient methods exist internally.

This spells out gigantic loopholes for homeowners. Doing a simple analysis of your home's market value and seeing how it lines up with the comparative values of other similar homes can save thousands of dollars wasted on taxes.

## Finding Comparable Information

Information sources are as close as one's computer and the local real estate office. The **Multiple Listing Service (MLS)** contains most of the comparable statistics you'll need.

Real estate offices are willing to help. They want to keep a friendly public face, promote a positive and cooperative reputation. Who knows, you are a possible source of rewarding referral leads. Without good public relations, their business would suffer and tank.



In general, most real estate offices have a friendly atmosphere and are staffed with people willing to help. The free data you're looking for is in the **MLS sold listings**, preferably within six months of the date you are looking to contest the assessment of your subject home. You'll want to run off on a copy machine five or more similar comparables to your home that you can scrutinize later. Eventually, you'll decide on the three best comparables to build your case on.

These verified sales carry tremendous weight. There are photos of the property and many pertinent usable facts in the Multiple Listing Service “sold listings” reports.

The MLS is a search and find service to find real estate listing for sale by Realtors and others that are members of a local MLS Multiple Listing Service. It is independently owned and operated. Most real estate brokers belong to this service and will share the results of any search with you.

The information that the MLS provides lists ALL the good selling features for their client’s home. If the home you are seeking an assessment reduction for lacks in any of those GOOD SELLING FEATURES, your tax appeal will have a verified feature that you can adjust against. This lowers the assessment against the home you are representing in a property tax appeal.



# Ingredients Needed To Prepare A Successful Property Tax Appeal

## What information does one need to compile for a typical case?

- Need to find 3 comparables for the client's property (copies from the Multiple Listing Service comparable "Sold" listings).

- Fill out a simple Excel spread sheet noting any value adjustments.

- 1, perhaps 2 pages of explanations why adjustments were taken.

- A cover page.

- Front view, street view, side view picture of subject's home and pictures of comparables.




# Residential Property Tax Appeals

Residential property tax appeal opportunities abound as long as there are taxes and a government that assesses tax. You'll find you'll never run short of client opportunities. Those looking to reduce their property taxes and have a good case are numerous.

## Comparative Market Analysis: Comparative Value Approach

Residential property value is determined by a **comparative market analysis** using sold values from recently sold homes. One compares one home to another home for factors such as: location, size, age of home, view and noting and compensating for these factors as well as other favorable or unfavorable amenities.

 One concentrates on finding comparable sales that have characteristics similar to those of your home. A variety of these parameters are listed below in descending rank of importance, the first listed being more important than the last listed.

### Categories of Compatibility:

- similar neighborhood
- total square feet of living space

- number of rooms, bedrooms, baths
- sold preferably within 4 months
- sales price within general market price of your home
- sales or financing concessions
- location
- quality of construction
- style of house
- age of house
- condition of home
- square footage
- property site and view
- functional utility (deficiencies or overbuilt features)
- number of garages
- swimming pool, fireplace(s), remodeled kitchen, kitchen equipment,  
etc.

- storm windows, replacement window or thermopane windows and other energy efficient additions

- basement i.e. finished, unfinished or none

- deck, patio, porch, etc.

- landscaping

In order to make an effective property tax appeal, you'll need to make adjustments against similar comparable properties. Generally, no two properties are the same unless you live in a condo or in a cookie cutter tract of houses with everything similar.

Generally, every situation is unique. There will be differences that need to be adjusted for.

Making these calculations is not difficult if you have an authoritative source to help you gauge against. Unfortunately, most guides give only general information and little help when it comes to valuation. However, there are inexpensive workbooks online that will walk you through the process. **See Appendix for sources.**

# Talking To The Tax Assessor



The local assessor has complete authority to lower the property tax. As you filter through the sold homes you are considering, earmark those that are in your neighborhood. Location is the most important feature since the market value of the same style home is drastically different from say a good neighborhood to a bad one. Buyers pay more for good schools and other positive neighborhood amenities.

Focus on other similar features such as number of bedrooms, baths, quality and style of home, number of garages and make adjustments accordingly. The tax assessor will likely cherry pick more expensive homes and they may have dissimilar features that you'll need to address in your analysis.

After you've put together your information it will be time to make an appointment with the tax assessor.

Use photos to prove your point. Show how the tax assessors chosen comparable are not similar to yours and how the comparables you have chosen are more comparable.

Make any adjustments you need to make for differences in location, sq. ft. size differences, condition, age of the home or similar type

adjustments. Show that these adjustments against the comparables make your home's value less in comparison.

There will be differences that you need to adjust for in the comparable's that you chose. These are simple plus or minus adjustments you'll need to enter for the applicable category in order to equalize the comparable's value to your home.

Perhaps the assessor will not budge from his position and you'll have to take it to the next level of appeal.

## **Find Out What Evidence The Tax Assessor Is Basing His or Her Opinion On**

Don't forget to ask the tax assessor what homes he is using to base the value of your assessment on. This way you can scrutinize those homes and find comparables that are more like your home if he/she is entirely off-base. You will have to negate in a friendly way the argument to the tax assessor regarding the homes he chose and introduce the homes you have chosen as viable.



If the tax assessor is uncooperative, you can fax a request to the appraisal district for this information. The

Freedom of Information Act insures that you can be provided with this information. You will be challenged by the information that the town will be using against you, so you need to know what comparables they have chosen.

When you win a property tax appeal it is not only for this year, but your base is established until the next community blanket reassessment. That blanket reassessment may not happen for 8 or stretch out for more than 20 years in the future.

# **Why You NEED A Property Tax Adjustment Guide That Shows You How To Make Adjustments For Each Category Your Home Differs Against Similar Comparable Homes**

Assigning property tax appeal adjustments is applying common sense rules to obvious facts. It is not difficult to learn. Furthermore, one will learn by making the necessary adjustments to the valuations that they are confronted with when comparing their home against another home. It is something everyone should be encouraged to do ASAP.

Find a guidebook that is geared to make the learning curve as simple as possible while remaining professionally complete. Most property tax books provide general ideas and tips but no specific valuations help. You want a complete, up to date guide to provide you with accurate figures and ranges in your presentation.

"The math is not that complicated." Fifth grade math (addition, subtraction, a little multiplying and division), fifth grade English. Find a course has been written and rewritten so that the Tax Reduction course and User Guide is user friendly. See that it uses an intuitive, easy to comprehend and not difficult, logical to implement approach.



# Appendix

## Property Tax Course Content Overview

<http://housetaxax.com/> The Property Tax Adjustment course is fully tested, proved and guaranteed to work: It is important to render a course understandable and applicable so almost anyone can work through and implement every step of the way.



Logical explanations are provided throughout the course using many examples and drawings. One will get a full understanding for applying adjustment principles. They will learn to apply valuation evidence for what assets are really worth.

The course material covers how to do all the mathematical price adjustments you may need to make to any of the various appraisal categories for any particular property.

Once you have chosen your comparable homes and entered your adjustment figures against the amenities your home enjoys or lacks, you will have arrived at the market value of your home. This book provides easy to use forms and makes this process a snap. Property Tax Assessment Help builds a solid case to save serious money. **BUILD A WINNING PROPERTY TAX APPEAL: HOW TO ADJUST FOR DIFFERENCES & FINALIZE TRUE MARKET VALUE** Click or copy and paste into your browser: <http://housetaxax.com/>